

AMENDED IN SENATE MAY 5, 2015  
AMENDED IN SENATE APRIL 22, 2015

**SENATE BILL**

**No. 284**

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**Introduced by Senator Cannella**  
***(Coauthor: Senator Bates)***

February 19, 2015

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An act to amend ~~and repeal~~ Sections 6738 and 8729 of the Business and Professions Code, and to amend ~~and repeal~~ Sections 16101, 16956, and 16959 of the Corporations Code, relating to the practice of engineering and land surveying.

LEGISLATIVE COUNSEL'S DIGEST

SB 284, as amended, Cannella. Engineering and land surveying: limited liability partnerships.

The Professional Engineers Act provides for the licensure and regulation of engineers and the Professional Land Surveyors' Act provides for the licensure and regulation of land surveyors by the Board for Professional Engineers, Land Surveyors, and Geologists. The Uniform Partnership Act of 1994 authorizes the formation of registered limited liability partnerships and foreign limited liability partnerships as specified.

Existing law, until January 1, 2016, authorizes persons licensed to engage in the practice of engineering or land surveying to form registered limited liability partnerships and foreign limited liability partnerships and requires those partnerships to provide security of no less than \$2,000,000 for claims arising out of the partnership's professional practice. Existing law, until January 1, 2016, also provides that engineers or land surveyors are not prohibited from practicing or offering to practice, within the scope of their licensure, as a limited

liability partnership if specified requirements are met, including, among others, that any offer, promotion, or advertisement by the business that contains the name of any individual in the business must clearly and specifically designate the license or registration discipline of the individual named. Existing law repeals these provisions on January 1, 2016.

This bill would extend the operation of these provisions until January 1, ~~2021~~. 2019.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 6738 of the Business and Professions  
2 Code, as amended by Section 1 of Chapter 634 of the Statutes of  
3 2010, is amended to read:

4 6738. (a) This chapter does not prohibit one or more civil,  
5 electrical, or mechanical engineers from practicing or offering to  
6 practice, within the scope of their license, civil (including  
7 geotechnical and structural), electrical, or mechanical engineering  
8 as a sole proprietorship, partnership, limited liability partnership,  
9 firm, or corporation (hereinafter called business), if all of the  
10 following requirements are met:

11 (1) A civil, electrical, or mechanical engineer currently licensed  
12 in this state is an owner, partner, or officer in charge of the  
13 engineering practice of the business.

14 (2) All civil, electrical, or mechanical engineering services are  
15 performed by, or under the responsible charge of, a professional  
16 engineer licensed in the appropriate branch of professional  
17 engineering.

18 (3) If the business name of a California engineering business  
19 contains the name of any person, then that person shall be licensed  
20 as a professional engineer, a licensed land surveyor, a licensed  
21 architect, or a geologist registered under the Geologist and  
22 Geophysicist Act (Chapter 12.5 (commencing with Section 7800)).  
23 Any offer, promotion, or advertisement by the business that  
24 contains the name of any individual in the business, other than by  
25 use of the name of an individual in the business name, shall clearly  
26 and specifically designate the license or registration discipline of  
27 each individual named.

1 (b) An out-of-state business with a branch office in this state  
2 shall meet the requirements of subdivision (a) and shall have an  
3 owner, partner, or officer who is in charge of the engineering work  
4 in the branch in this state, who is licensed in this state, and who is  
5 physically present at the branch office in this state on a regular  
6 basis. However, the name of the business may contain the name  
7 of any person not licensed in this state if that person is  
8 appropriately registered or licensed in another state. Any offer,  
9 promotion, or advertisement that contains the name of any  
10 individual in the business, other than by use of the names of the  
11 individuals in the business name, shall clearly and specifically  
12 designate the license or registration discipline of each individual  
13 named.

14 (c) The business name of a California engineering business may  
15 be a fictitious name. However, if the fictitious name includes the  
16 name of any person, the requirements of paragraph (3) of  
17 subdivision (a) shall be met.

18 (d) A person not licensed under this chapter may also be a  
19 partner or an officer of a civil, electrical, or mechanical engineering  
20 business if the requirements of subdivision (a) are met. Nothing  
21 in this section shall be construed to permit a person who is not  
22 licensed under this chapter to be the sole owner of a civil, electrical,  
23 or mechanical engineering business, unless otherwise exempt under  
24 this chapter.

25 (e) This chapter does not prevent an individual or business  
26 engaged in any line of endeavor other than the practice of civil,  
27 electrical, or mechanical engineering from employing or  
28 contracting with a licensed civil, electrical, or mechanical engineer  
29 to perform the respective engineering services incidental to the  
30 conduct of business.

31 (f) This section shall not prevent the use of the name of any  
32 business engaged in rendering civil, electrical, or mechanical  
33 engineering services, including the use by any lawful successor  
34 or survivor, that lawfully was in existence on December 31, 1987.  
35 However, the business is subject to paragraphs (1) and (2) of  
36 subdivision (a).

37 (g) A business engaged in rendering civil, electrical, or  
38 mechanical engineering services may use in its name the name of  
39 a deceased or retired person provided all of the following  
40 conditions are satisfied:

1 (1) The person's name had been used in the name of the  
2 business, or a predecessor in interest of the business, prior to and  
3 after the death or retirement of the person.

4 (2) The person shall have been an owner, partner, or officer of  
5 the business, or an owner, partner, or officer of the predecessor in  
6 interest of the business.

7 (3) The person shall have been licensed as a professional  
8 engineer, or a land surveyor, or an architect, or a geologist, (A) by  
9 the appropriate licensing board if that person is operating a place  
10 of business or practice in this state, or (B) by the applicable state  
11 board if no place of business existed in this state.

12 (4) The person, if retired, has consented to the use of the name  
13 and does not permit the use of the name in the title of another  
14 professional engineering business in this state during the period  
15 of the consent. However, the retired person may use his or her  
16 name as the name of a new or purchased business if it is not  
17 identical in every respect to that person's name as used in the  
18 former business.

19 (5) The business shall be subject to the provisions of paragraphs  
20 (1) and (2) of subdivision (a).

21 (h) This section does not affect the provisions of Sections 6731.2  
22 and 8726.1.

23 (i) A current organization record form shall be filed with the  
24 board for all businesses engaged in rendering civil, electrical, or  
25 mechanical engineering services.

26 (j) This section shall remain in effect only until January 1, ~~2021~~,  
27 2019, and as of that date is repealed, unless a later enacted statute,  
28 that is enacted before January 1, ~~2021~~, 2019, deletes or extends  
29 that date.

30 SEC. 2. Section 6738 of the Business and Professions Code,  
31 as added by Section 2 of Chapter 634 of the Statutes of 2010, is  
32 amended to read:

33 6738. (a) This chapter does not prohibit one or more civil,  
34 electrical, or mechanical engineers from practicing or offering to  
35 practice within the scope of their license civil (including  
36 geotechnical and structural), electrical, or mechanical engineering  
37 as a sole proprietorship, partnership, firm, or corporation  
38 (hereinafter called business), if all of the following requirements  
39 are met:

1 (1) A civil, electrical, or mechanical engineer currently licensed  
2 in this state is an owner, partner, or officer in charge of the  
3 engineering practice of the business.

4 (2) All civil, electrical, or mechanical engineering services are  
5 performed by, or under the responsible charge of, a professional  
6 engineer licensed in the appropriate branch of professional  
7 engineering.

8 (3) If the business name of a California engineering business  
9 contains the name of any person, then that person shall be licensed  
10 as a professional engineer, a licensed land surveyor, a licensed  
11 architect, or a geologist registered under the Geologist and  
12 Geophysicist Act (Chapter 12.5 (commencing with Section 7800)).  
13 Any offer, promotion, or advertisement by the business that  
14 contains the name of any individual in the business, other than by  
15 use of the name of an individual in the business name, shall clearly  
16 and specifically designate the license or registration discipline of  
17 each individual named.

18 (b) An out-of-state business with a branch office in this state  
19 shall meet the requirements of subdivision (a) and shall have an  
20 owner, partner, or officer who is in charge of the engineering work  
21 in the branch in this state, who is licensed in this state, and who is  
22 physically present at the branch office in this state on a regular  
23 basis. However, the name of the business may contain the name  
24 of any person not licensed in this state if that person is  
25 appropriately registered or licensed in another state. Any offer,  
26 promotion, or advertisement that contains the name of any  
27 individual in the business, other than by use of the names of the  
28 individuals in the business name, shall clearly and specifically  
29 designate the license or registration discipline of each individual  
30 named.

31 (c) The business name of a California engineering business may  
32 be a fictitious name. However, if the fictitious name includes the  
33 name of any person, the requirements of paragraph (3) of  
34 subdivision (a) shall be met.

35 (d) A person not licensed under this chapter may also be a  
36 partner or an officer of a civil, electrical, or mechanical engineering  
37 business if the requirements of subdivision (a) are met. Nothing  
38 in this section shall be construed to permit a person who is not  
39 licensed under this chapter to be the sole owner of a civil, electrical,

1 or mechanical engineering business, unless otherwise exempt under  
2 this chapter.

3 (e) This chapter does not prevent an individual or business  
4 engaged in any line of endeavor other than the practice of civil,  
5 electrical, or mechanical engineering from employing or  
6 contracting with a licensed civil, electrical, or mechanical engineer  
7 to perform the respective engineering services incidental to the  
8 conduct of business.

9 (f) This section shall not prevent the use of the name of any  
10 business engaged in rendering civil, electrical, or mechanical  
11 engineering services, including the use by any lawful successor  
12 or survivor, that lawfully was in existence on December 31, 1987.  
13 However, the business is subject to paragraphs (1) and (2) of  
14 subdivision (a).

15 (g) A business engaged in rendering civil, electrical, or  
16 mechanical engineering services may use in its name the name of  
17 a deceased or retired person provided all of the following  
18 conditions are satisfied:

19 (1) The person's name had been used in the name of the  
20 business, or a predecessor in interest of the business, prior to and  
21 after the death or retirement of the person.

22 (2) The person shall have been an owner, partner, or officer of  
23 the business, or an owner, partner, or officer of the predecessor in  
24 interest of the business.

25 (3) The person shall have been licensed as a professional  
26 engineer, or a land surveyor, or an architect, or a geologist, (A) by  
27 the appropriate licensing board if that person is operating a place  
28 of business or practice in this state, or (B) by the applicable state  
29 board if no place of business existed in this state.

30 (4) The person, if retired, has consented to the use of the name  
31 and does not permit the use of the name in the title of another  
32 professional engineering business in this state during the period  
33 of the consent. However, the retired person may use his or her  
34 name as the name of a new or purchased business if it is not  
35 identical in every respect to that person's name as used in the  
36 former business.

37 (5) The business shall be subject to the provisions of paragraphs  
38 (1) and (2) of subdivision (a).

39 (h) This section does not affect the provisions of Sections 6731.2  
40 and 8726.1.

1 (i) A current organization record form shall be filed with the  
2 board for all businesses engaged in rendering civil, electrical, or  
3 mechanical engineering services.

4 (j) This section shall become operative on January 1, ~~2021~~.  
5 2019.

6 SEC. 3. Section 8729 of the Business and Professions Code,  
7 as amended by Section 3 of Chapter 634 of the Statutes of 2010,  
8 is amended to read:

9 8729. (a) This chapter does not prohibit one or more licensed  
10 land surveyors or civil engineers licensed in this state prior to 1982  
11 (hereinafter called civil engineers) from practicing or offering to  
12 practice, within the scope of their licensure, land surveying as a  
13 sole proprietorship, partnership, limited liability partnership, firm,  
14 or corporation (hereinafter called business), if the following  
15 conditions are satisfied:

16 (1) A land surveyor or civil engineer currently licensed in the  
17 state is an owner, partner, or officer in charge of the land surveying  
18 practice of the business.

19 (2) All land surveying services are performed by or under the  
20 responsible charge of a land surveyor or civil engineer.

21 (3) If the business name of a California land surveying business  
22 contains the name of a person, then that person shall be licensed  
23 by the board as a land surveyor or licensed by the board in any  
24 year as a civil engineer. Any offer, promotion, or advertisement  
25 by the business that contains the name of any individual in the  
26 business, other than by use of the name of the individual in the  
27 business name, shall clearly and specifically designate the license  
28 discipline of each individual named.

29 (b) An out-of-state business with a branch office in this state  
30 shall meet the requirements of subdivision (a) and shall have an  
31 owner, partner, or officer who is in charge of the land surveying  
32 work in this state, who is licensed in this state, and who is  
33 physically present at the branch office in this state on a regular  
34 basis. However, the name of the business may contain the name  
35 of a person not licensed in this state, if that person is appropriately  
36 licensed or registered in another state. Any offer, promotion, or  
37 advertisement that contains the name of any individual in the  
38 business, other than by use of the name of the individual in the  
39 business name, shall clearly and specifically designate the license  
40 or registration discipline of each individual named.

1 (c) The business name of a California land surveying business  
2 may be a fictitious name. However, if the fictitious name includes  
3 the names of any person, the requirements of paragraph (3) of  
4 subdivision (a) shall be met.

5 (d) A person not licensed under this chapter or licensed as a  
6 civil engineer in this state prior to 1982 may also be a partner or  
7 an officer of a land surveying business if the conditions of  
8 subdivision (a) are satisfied. Nothing in this section shall be  
9 construed to permit a person who is not licensed under this chapter  
10 or licensed as a civil engineer in this state prior to 1982 to be the  
11 sole owner or officer of a land surveying business, unless otherwise  
12 exempt under this chapter.

13 (e) This chapter does not prevent an individual or business  
14 engaged in any line of endeavor, other than the practice of land  
15 surveying, from employing or contracting with a licensed land  
16 surveyor or a licensed civil engineer to perform the respective land  
17 surveying services incidental to the conduct of business.

18 (f) This section shall not prevent the use of the name of any  
19 business engaged in rendering land surveying services, including  
20 the use by any lawful successor or survivor, that lawfully was in  
21 existence on June 1, 1941. However, the business is subject to the  
22 provisions of paragraphs (1) and (2) of subdivision (a).

23 (g) A business engaged in rendering land surveying services  
24 may use in its name the name of a deceased or retired person if  
25 the following conditions are satisfied:

26 (1) The person's name had been used in the name of the  
27 business, or a predecessor in interest of the business, prior to the  
28 death or retirement of the person.

29 (2) The person shall have been an owner, partner, or officer of  
30 the business, or an owner, partner, or officer of the predecessor in  
31 interest of the business.

32 (3) The person shall have been licensed as a land surveyor or a  
33 civil engineer by the board, if operating a place of business or  
34 practice in this state, or by an applicable state board in the event  
35 no place of business existed in this state.

36 (4) The person, if retired, has consented to the use of the name  
37 and does not permit the use of the name in the title of another land  
38 surveying business in this state during the period of that consent,  
39 except that a retired person may use his or her name as the name



1 of a new or purchased business, if that business is not identical in  
2 every respect to that person's name as used in the former business.

3 (5) The business shall be subject to paragraphs (1) and (2) of  
4 subdivision (a).

5 (h) This section does not affect Sections 6731.2 and 8726.1.

6 (i) A current organization record form shall be filed with the  
7 board for all businesses engaged in rendering professional land  
8 surveying services.

9 (j) This section shall remain in effect only until January 1, ~~2021~~,  
10 2019, and as of that date is repealed, unless a later enacted statute,  
11 that is enacted before January 1, ~~2021~~, 2019, deletes or extends  
12 that date.

13 SEC. 4. Section 8729 of the Business and Professions Code,  
14 as added by Section 4 of Chapter 634 of the Statutes of 2010, is  
15 amended to read:

16 8729. (a) This chapter does not prohibit one or more licensed  
17 land surveyors or civil engineers licensed in this state prior to 1982  
18 (hereinafter called civil engineers) from practicing or offering to  
19 practice within the scope of their licensure, land surveying as a  
20 sole proprietorship, partnership, firm, or corporation (hereinafter  
21 called business), if the following conditions are satisfied:

22 (1) A land surveyor or civil engineer currently licensed in the  
23 state is an owner, partner, or officer in charge of the land surveying  
24 practice of the business.

25 (2) All land surveying services are performed by or under the  
26 responsible charge of a land surveyor or civil engineer.

27 (3) If the business name of a California land surveying business  
28 contains the name of a person, then that person shall be licensed  
29 by the board as a land surveyor or licensed by the board in any  
30 year as a civil engineer. Any offer, promotion, or advertisement  
31 by the business that contains the name of any individual in the  
32 business, other than by use of the name of the individual in the  
33 business name, shall clearly and specifically designate the license  
34 discipline of each individual named.

35 (b) An out-of-state business with a branch office in this state  
36 shall meet the requirements of subdivision (a) and shall have an  
37 owner, partner, or officer who is in charge of the land surveying  
38 work in this state, who is licensed in this state, and who is  
39 physically present at the branch office in this state on a regular  
40 basis. However, the name of the business may contain the name

1 of a person not licensed in this state, if that person is appropriately  
2 licensed or registered in another state. Any offer, promotion, or  
3 advertisement that contains the name of any individual in the  
4 business, other than by use of the name of the individual in the  
5 business name, shall clearly and specifically designate the license  
6 or registration discipline of each individual named.

7 (c) The business name of a California land surveying business  
8 may be a fictitious name. However, if the fictitious name includes  
9 the names of any person, the requirements of paragraph (3) of  
10 subdivision (a) shall be met.

11 (d) A person not licensed under this chapter or licensed as a  
12 civil engineer in this state prior to 1982 may also be a partner or  
13 an officer of a land surveying business if the conditions of  
14 subdivision (a) are satisfied. Nothing in this section shall be  
15 construed to permit a person who is not licensed under this chapter  
16 or licensed as a civil engineer in this state prior to 1982 to be the  
17 sole owner or office of a land surveying business, unless otherwise  
18 exempt under this chapter.

19 (e) This chapter does not prevent an individual or business  
20 engaged in any line of endeavor, other than the practice of land  
21 surveying, from employing or contracting with a licensed land  
22 surveyor or a licensed civil engineer to perform the respective land  
23 surveying services incidental to the conduct of business.

24 (f) This section shall not prevent the use of the name of any  
25 business engaged in rendering land surveying services, including  
26 the use by any lawful successor or survivor, that lawfully was in  
27 existence on June 1, 1941. However, the business is subject to the  
28 provisions of paragraphs (1) and (2) of subdivision (a).

29 (g) A business engaged in rendering land surveying services  
30 may use in its name the name of a deceased or retired person if  
31 the following conditions are satisfied:

32 (1) The person's name had been used in the name of the  
33 business, or a predecessor in interest of the business, prior to the  
34 death or retirement of the person.

35 (2) The person shall have been an owner, partner, or officer of  
36 the business, or an owner, partner, or officer of the predecessor in  
37 interest of the business.

38 (3) The person shall have been licensed as a land surveyor or a  
39 civil engineer by the board, if operating a place of business or

1 practice in this state, or by an applicable state board in the event  
2 no place of business existed in this state.

3 (4) The person, if retired, has consented to the use of the name  
4 and does not permit the use of the name in the title of another land  
5 surveying business in this state during the period of that consent,  
6 except that a retired person may use his or her name as the name  
7 of a new or purchased business, if that business is not identical in  
8 every respect to that person's name as used in the former business.

9 (5) The business shall be subject to paragraphs (1) and (2) of  
10 subdivision (a).

11 (h) This section does not affect Sections 6731.2 and 8726.1.

12 (i) A current organization record form shall be filed with the  
13 board for all businesses engaged in rendering professional land  
14 surveying services.

15 (j) This section shall become operative on January 1, ~~2021~~.  
16 ~~2019~~.

17 SEC. 5. Section 16101 of the Corporations Code, as amended  
18 by Section 1 of Chapter 291 of the Statutes of 2011, is amended  
19 to read:

20 16101. As used in this chapter, the following terms and phrases  
21 have the following meanings:

22 (1) "Business" includes every trade, occupation, and profession.

23 (2) "Debtor in bankruptcy" means a person who is the subject  
24 of either of the following:

25 (A) An order for relief under Title 11 of the United States Code  
26 or a comparable order under a successor statute of general  
27 application.

28 (B) A comparable order under federal, state, or foreign law  
29 governing insolvency.

30 (3) "Distribution" means a transfer of money or other property  
31 from a partnership to a partner in the partner's capacity as a partner  
32 or to the partner's transferee.

33 (4) "Electronic transmission by the partnership" means a  
34 communication (a) delivered by (1) facsimile telecommunication  
35 or electronic mail when directed to the facsimile number or  
36 electronic mail address, respectively, for that recipient on record  
37 with the partnership, (2) posting on an electronic message board  
38 or network that the partnership has designated for those  
39 communications, together with a separate notice to the recipient  
40 of the posting, which transmission shall be validly delivered upon

1 the later of the posting or delivery of the separate notice thereof,  
2 or (3) other means of electronic communication, (b) to a recipient  
3 who has provided an unrevoked consent to the use of those means  
4 of transmission, and (c) that creates a record that is capable of  
5 retention, retrieval, and review, and that may thereafter be rendered  
6 into clearly legible tangible form. However, an electronic  
7 transmission by a partnership to an individual partner is not  
8 authorized unless, in addition to satisfying the requirements of this  
9 section, the transmission satisfies the requirements applicable to  
10 consumer consent to electronic records as set forth in the Electronic  
11 Signatures in Global and National Commerce Act (15 U.S.C. Sec.  
12 7001(c)(1)).

13 (5) “Electronic transmission to the partnership” means a  
14 communication (a) delivered by (1) facsimile telecommunication  
15 or electronic mail when directed to the facsimile number or  
16 electronic mail address, respectively, which the partnership has  
17 provided from time to time to partners for sending communications  
18 to the partnership, (2) posting on an electronic message board or  
19 network that the partnership has designated for those  
20 communications, and which transmission shall be validly delivered  
21 upon the posting, or (3) other means of electronic communication,  
22 (b) as to which the partnership has placed in effect reasonable  
23 measures to verify that the sender is the partner (in person or by  
24 proxy) purporting to send the transmission, and (c) that creates a  
25 record that is capable of retention, retrieval, and review, and that  
26 may thereafter be rendered into clearly legible tangible form.

27 (6) (A) “Foreign limited liability partnership” means a  
28 partnership, other than a limited partnership, formed pursuant to  
29 an agreement governed by the laws of another jurisdiction and  
30 denominated or registered as a limited liability partnership or  
31 registered limited liability partnership under the laws of that  
32 jurisdiction (i) in which each partner is a licensed person or a  
33 person licensed or authorized to provide professional limited  
34 liability partnership services in a jurisdiction or jurisdictions other  
35 than this state, (ii) which is licensed under the laws of the state to  
36 engage in the practice of architecture, the practice of public  
37 accountancy, the practice of engineering, the practice of land  
38 surveying, or the practice of law, or (iii) which (I) is related to a  
39 registered limited liability partnership that practices public  
40 accountancy or, to the extent permitted by the State Bar, practices

1 law or is related to a foreign limited liability partnership and (II)  
2 provides services related or complementary to the professional  
3 limited liability partnership services provided by, or provides  
4 services or facilities to, that registered limited liability partnership  
5 or foreign limited liability partnership.

6 (B) For the purposes of clause (iii) of subparagraph (A), a  
7 partnership is related to a registered limited liability partnership  
8 or foreign limited liability partnership if (i) at least a majority of  
9 the partners in one partnership are also partners in the other  
10 partnership, or (ii) at least a majority in interest in each partnership  
11 hold interests in or are members of another person, except an  
12 individual, and each partnership renders services pursuant to an  
13 agreement with that other person, or (iii) one partnership, directly  
14 or indirectly through one or more intermediaries, controls, is  
15 controlled by, or is under common control with, the other  
16 partnership.

17 (7) “Licensed person” means any person who is duly licensed,  
18 authorized, or registered under the provisions of the Business and  
19 Professions Code to provide professional limited liability  
20 partnership services or who is lawfully able to render professional  
21 limited liability partnership services in this state.

22 (8) (A) “Registered limited liability partnership” means a  
23 partnership, other than a limited partnership, formed pursuant to  
24 an agreement governed by Article 10 (commencing with Section  
25 16951), that is registered under Section 16953 and (i) each of the  
26 partners of which is a licensed person or a person licensed or  
27 authorized to provide professional limited liability partnership  
28 services in a jurisdiction or jurisdictions other than this state, (ii)  
29 is licensed under the laws of the state to engage in the practice of  
30 architecture, the practice of public accountancy, the practice of  
31 engineering, the practice of land surveying, or the practice of law,  
32 or (iii)(I) is related to a registered limited liability partnership that  
33 practices public accountancy or, to the extent permitted by the  
34 State Bar, practices law or is related to a foreign limited liability  
35 partnership and (II) provides services related or complementary  
36 to the professional limited liability partnership services provided  
37 by, or provides services or facilities to, that registered limited  
38 liability partnership or foreign limited liability partnership.

39 (B) For the purposes of clause (iii) of subparagraph (A), a  
40 partnership is related to a registered limited liability partnership

1 or foreign limited liability partnership if (i) at least a majority of  
2 the partners in one partnership are also partners in the other  
3 partnership, or (ii) at least a majority in interest in each partnership  
4 hold interests in or are members of another person, other than an  
5 individual, and each partnership renders services pursuant to an  
6 agreement with that other person, or (iii) one partnership, directly  
7 or indirectly through one or more intermediaries, controls, is  
8 controlled by, or is under common control with, the other  
9 partnership.

10 (9) “Partnership” means an association of two or more persons  
11 to carry on as coowners a business for profit formed under Section  
12 16202, predecessor law, or comparable law of another jurisdiction,  
13 and includes, for all purposes of the laws of this state, a registered  
14 limited liability partnership, and excludes any partnership formed  
15 under Chapter 4.5 (commencing with Section 15900).

16 (10) “Partnership agreement” means the agreement, whether  
17 written, oral, or implied, among the partners concerning the  
18 partnership, including amendments to the partnership agreement.

19 (11) “Partnership at will” means a partnership in which the  
20 partners have not agreed to remain partners until the expiration of  
21 a definite term or the completion of a particular undertaking.

22 (12) “Partnership interest” or “partner’s interest in the  
23 partnership” means all of a partner’s interests in the partnership,  
24 including the partner’s transferable interest and all management  
25 and other rights.

26 (13) “Person” means an individual, corporation, business trust,  
27 estate, trust, partnership, limited partnership, limited liability  
28 partnership, limited liability company, association, joint venture,  
29 government, governmental subdivision, agency, or instrumentality,  
30 or any other legal or commercial entity.

31 (14) “Professional limited liability partnership services” means  
32 the practice of architecture, the practice of public accountancy,  
33 the practice of engineering, the practice of land surveying, or the  
34 practice of law.

35 (15) “Property” means all property, real, personal, or mixed,  
36 tangible or intangible, or any interest therein.

37 (16) “State” means a state of the United States, the District of  
38 Columbia, the Commonwealth of Puerto Rico, or any territory or  
39 insular possession subject to the jurisdiction of the United States.

1 (17) “Statement” means a statement of partnership authority  
2 under Section 16303, a statement of denial under Section 16304,  
3 a statement of dissociation under Section 16704, a statement of  
4 dissolution under Section 16805, a statement of conversion or a  
5 certificate of conversion under Section 16906, a statement of  
6 merger under Section 16915, or an amendment or cancellation of  
7 any of the foregoing.

8 (18) “Transfer” includes an assignment, conveyance, lease,  
9 mortgage, deed, and encumbrance.

10 (19) The inclusion of the practice of architecture as a  
11 professional limited liability partnership service permitted by this  
12 section shall extend only until January 1, 2019.

13 (20) This section shall remain in effect only until January 1,  
14 ~~2021~~, 2019, and as of that date is repealed, unless a later enacted  
15 statute, that is enacted before January 1, ~~2021~~, 2019, deletes or  
16 extends that date.

17 SEC. 6. Section 16101 of the Corporations Code, as amended  
18 by Section 2 of Chapter 291 of the Statutes of 2011, is amended  
19 to read:

20 16101. As used in this chapter, the following terms and phrases  
21 have the following meanings:

22 (1) “Business” includes every trade, occupation, and profession.

23 (2) “Debtor in bankruptcy” means a person who is the subject  
24 of either of the following:

25 (A) An order for relief under Title 11 of the United States Code  
26 or a comparable order under a successor statute of general  
27 application.

28 (B) A comparable order under federal, state, or foreign law  
29 governing insolvency.

30 (3) “Distribution” means a transfer of money or other property  
31 from a partnership to a partner in the partner’s capacity as a partner  
32 or to the partner’s transferee.

33 (4) “Electronic transmission by the partnership” means a  
34 communication (a) delivered by (1) facsimile telecommunication  
35 or electronic mail when directed to the facsimile number or  
36 electronic mail address, respectively, for that recipient on record  
37 with the partnership, (2) posting on an electronic message board  
38 or network that the partnership has designated for those  
39 communications, together with a separate notice to the recipient  
40 of the posting, which transmission shall be validly delivered upon

1 the later of the posting or delivery of the separate notice thereof,  
2 or (3) other means of electronic communication, (b) to a recipient  
3 who has provided an unrevoked consent to the use of those means  
4 of transmission, and (c) that creates a record that is capable of  
5 retention, retrieval, and review, and that may thereafter be rendered  
6 into clearly legible tangible form. However, an electronic  
7 transmission by a partnership to an individual partner is not  
8 authorized unless, in addition to satisfying the requirements of this  
9 section, the transmission satisfies the requirements applicable to  
10 consumer consent to electronic records as set forth in the Electronic  
11 Signatures in Global and National Commerce Act (15 U.S.C. Sec.  
12 7001(c)(1)).

13 (5) “Electronic transmission to the partnership” means a  
14 communication (a) delivered by (1) facsimile telecommunication  
15 or electronic mail when directed to the facsimile number or  
16 electronic mail address, respectively, which the partnership has  
17 provided from time to time to partners for sending communications  
18 to the partnership, (2) posting on an electronic message board or  
19 network that the partnership has designated for those  
20 communications, and which transmission shall be validly delivered  
21 upon the posting, or (3) other means of electronic communication,  
22 (b) as to which the partnership has placed in effect reasonable  
23 measures to verify that the sender is the partner (in person or by  
24 proxy) purporting to send the transmission, and (c) that creates a  
25 record that is capable of retention, retrieval, and review, and that  
26 may thereafter be rendered into clearly legible tangible form.

27 (6) (A) “Foreign limited liability partnership” means a  
28 partnership, other than a limited partnership, formed pursuant to  
29 an agreement governed by the laws of another jurisdiction and  
30 denominated or registered as a limited liability partnership or  
31 registered limited liability partnership under the laws of that  
32 jurisdiction (i) in which each partner is a licensed person or a  
33 person licensed or authorized to provide professional limited  
34 liability partnership services in a jurisdiction or jurisdictions other  
35 than this state, (ii) which is licensed under the laws of the state to  
36 engage in the practice of architecture, the practice of public  
37 accountancy, or the practice of law, or (iii) which (I) is related to  
38 a registered limited liability partnership that practices public  
39 accountancy or, to the extent permitted by the State Bar, practices  
40 law or is related to a foreign limited liability partnership and (II)



1 provides services related or complementary to the professional  
2 limited liability partnership services provided by, or provides  
3 services or facilities to, that registered limited liability partnership  
4 or foreign limited liability partnership.

5 (B) For the purposes of clause (iii) of subparagraph (A), a  
6 partnership is related to a registered limited liability partnership  
7 or foreign limited liability partnership if (i) at least a majority of  
8 the partners in one partnership are also partners in the other  
9 partnership, or (ii) at least a majority in interest in each partnership  
10 hold interests in or are members of another person, except an  
11 individual, and each partnership renders services pursuant to an  
12 agreement with that other person, or (iii) one partnership, directly  
13 or indirectly through one or more intermediaries, controls, is  
14 controlled by, or is under common control with, the other  
15 partnership.

16 (7) “Licensed person” means any person who is duly licensed,  
17 authorized, or registered under the provisions of the Business and  
18 Professions Code to provide professional limited liability  
19 partnership services or who is lawfully able to render professional  
20 limited liability partnership services in this state.

21 (8) (A) “Registered limited liability partnership” means a  
22 partnership, other than a limited partnership, formed pursuant to  
23 an agreement governed by Article 10 (commencing with Section  
24 16951), that is registered under Section 16953 and (i) each of the  
25 partners of which is a licensed person or a person licensed or  
26 authorized to provide professional limited liability partnership  
27 services in a jurisdiction or jurisdictions other than this state, (ii)  
28 is licensed under the laws of the state to engage in the practice of  
29 architecture, practice of public accountancy, or the practice of law,  
30 or (iii)(I) is related to a registered limited liability partnership that  
31 practices public accountancy or, to the extent permitted by the  
32 State Bar, practices law or is related to a foreign limited liability  
33 partnership and (II) provides services related or complementary  
34 to the professional limited liability partnership services provided  
35 by, or provides services or facilities to, that registered limited  
36 liability partnership or foreign limited liability partnership.

37 (B) For the purposes of clause (iii) of subparagraph (A), a  
38 partnership is related to a registered limited liability partnership  
39 or foreign limited liability partnership if (i) at least a majority of  
40 the partners in one partnership are also partners in the other

1 partnership, or (ii) at least a majority in interest in each partnership  
2 hold interests in or are members of another person, other than an  
3 individual, and each partnership renders services pursuant to an  
4 agreement with that other person, or (iii) one partnership, directly  
5 or indirectly through one or more intermediaries, controls, is  
6 controlled by, or is under common control with, the other  
7 partnership.

8 (9) “Partnership” means an association of two or more persons  
9 to carry on as coowners a business for profit formed under Section  
10 16202, predecessor law, or comparable law of another jurisdiction,  
11 and includes, for all purposes of the laws of this state, a registered  
12 limited liability partnership, and excludes any partnership formed  
13 under Chapter 4.5 (commencing with Section 15900).

14 (10) “Partnership agreement” means the agreement, whether  
15 written, oral, or implied, among the partners concerning the  
16 partnership, including amendments to the partnership agreement.

17 (11) “Partnership at will” means a partnership in which the  
18 partners have not agreed to remain partners until the expiration of  
19 a definite term or the completion of a particular undertaking.

20 (12) “Partnership interest” or “partner’s interest in the  
21 partnership” means all of a partner’s interests in the partnership,  
22 including the partner’s transferable interest and all management  
23 and other rights.

24 (13) “Person” means an individual, corporation, business trust,  
25 estate, trust, partnership, limited partnership, limited liability  
26 partnership, limited liability company, association, joint venture,  
27 government, governmental subdivision, agency, or instrumentality,  
28 or any other legal or commercial entity.

29 (14) “Professional limited liability partnership services” means  
30 the practice of architecture, the practice of public accountancy, or  
31 the practice of law.

32 (15) “Property” means all property, real, personal, or mixed,  
33 tangible or intangible, or any interest therein.

34 (16) “State” means a state of the United States, the District of  
35 Columbia, the Commonwealth of Puerto Rico, or any territory or  
36 insular possession subject to the jurisdiction of the United States.

37 (17) “Statement” means a statement of partnership authority  
38 under Section 16303, a statement of denial under Section 16304,  
39 a statement of dissociation under Section 16704, a statement of  
40 dissolution under Section 16805, a statement of conversion or a

1 certificate of conversion under Section 16906, a statement of  
2 merger under Section 16915, or an amendment or cancellation of  
3 any of the foregoing.

4 (18) “Transfer” includes an assignment, conveyance, lease,  
5 mortgage, deed, and encumbrance.

6 (19) The inclusion of the practice of architecture as a  
7 professional limited liability partnership service permitted by this  
8 section shall extend only until January 1, 2019.

9 (20) This section shall become operative on January 1, ~~2021~~.  
10 ~~2019~~.

11 SEC. 7. Section 16956 of the Corporations Code, as amended  
12 by Section 7 of Chapter 634 of the Statutes of 2010, is amended  
13 to read:

14 16956. (a) At the time of registration pursuant to Section  
15 16953, in the case of a registered limited liability partnership, and  
16 Section 16959, in the case of a foreign limited liability partnership,  
17 and at all times during which those partnerships shall transact  
18 intrastate business, every registered limited liability partnership  
19 and foreign limited liability partnership, as the case may be, shall  
20 be required to provide security for claims against it as follows:

21 (1) For claims based upon acts, errors, or omissions arising out  
22 of the practice of public accountancy, a registered limited liability  
23 partnership or foreign limited liability partnership providing  
24 accountancy services shall comply with one, or pursuant to  
25 subdivision (b) some combination, of the following:

26 (A) Maintaining a policy or policies of insurance against liability  
27 imposed on or against it by law for damages arising out of claims;  
28 however, the total aggregate limit of liability under the policy or  
29 policies of insurance for partnerships with five or fewer licensed  
30 persons shall not be less than one million dollars (\$1,000,000),  
31 and for partnerships with more than five licensees rendering  
32 professional services on behalf of the partnership, an additional  
33 one hundred thousand dollars (\$100,000) of insurance shall be  
34 obtained for each additional licensee; however, the maximum  
35 amount of insurance is not required to exceed five million dollars  
36 (\$5,000,000) in any one designated period, less amounts paid in  
37 defending, settling, or discharging claims as set forth in this  
38 subparagraph. The policy or policies may be issued on a  
39 claims-made or occurrence basis, and shall cover: (i) in the case  
40 of a claims-made policy, claims initially asserted in the designated

1 period, and (ii) in the case of an occurrence policy, occurrences  
2 during the designated period. For purposes of this subparagraph,  
3 “designated period” means a policy year or any other period  
4 designated in the policy that is not greater than 12 months. The  
5 impairment or exhaustion of the aggregate limit of liability by  
6 amounts paid under the policy in connection with the settlement,  
7 discharge, or defense of claims applicable to a designated period  
8 shall not require the partnership to acquire additional insurance  
9 coverage for that designated period. The policy or policies of  
10 insurance may be in a form reasonably available in the commercial  
11 insurance market and may be subject to those terms, conditions,  
12 exclusions, and endorsements that are typically contained in those  
13 policies. A policy or policies of insurance maintained pursuant to  
14 this subparagraph may be subject to a deductible or self-insured  
15 retention.

16 Upon the dissolution and winding up of the partnership, the  
17 partnership shall, with respect to any insurance policy or policies  
18 then maintained pursuant to this subparagraph, maintain or obtain  
19 an extended reporting period endorsement or equivalent provision  
20 in the maximum total aggregate limit of liability required to comply  
21 with this subparagraph for a minimum of three years if reasonably  
22 available from the insurer.

23 (B) Maintaining in trust or bank escrow, cash, bank certificates  
24 of deposit, United States Treasury obligations, bank letters of  
25 credit, or bonds of insurance or surety companies as security for  
26 payment of liabilities imposed by law for damages arising out of  
27 all claims; however, the maximum amount of security for  
28 partnerships with five or fewer licensed persons shall not be less  
29 than one million dollars (\$1,000,000), and for partnerships with  
30 more than five licensees rendering professional services on behalf  
31 of the partnership, an additional one hundred thousand dollars  
32 (\$100,000) of security shall be obtained for each additional  
33 licensee; however, the maximum amount of security is not required  
34 to exceed five million dollars (\$5,000,000). The partnership  
35 remains in compliance with this section during a calendar year  
36 notwithstanding amounts paid during that calendar year from the  
37 accounts, funds, Treasury obligations, letters of credit, or bonds  
38 in defending, settling, or discharging claims of the type described  
39 in this paragraph, provided that the amount of those accounts,  
40 funds, Treasury obligations, letters of credit, or bonds was at least

1 the amount specified in the preceding sentence as of the first  
2 business day of that calendar year. Notwithstanding the pendency  
3 of other claims against the partnership, a registered limited liability  
4 partnership or foreign limited liability partnership shall be deemed  
5 to be in compliance with this subparagraph as to a claim if within  
6 30 days after the time that a claim is initially asserted through  
7 service of a summons, complaint, or comparable pleading in a  
8 judicial or administrative proceeding, the partnership has provided  
9 the required amount of security by designating and segregating  
10 funds in compliance with the requirements of this subparagraph.

11 (C) Unless the partnership has satisfied subparagraph (D), each  
12 partner of a registered limited liability partnership or foreign  
13 limited liability partnership providing accountancy services, by  
14 virtue of that person's status as a partner, thereby automatically  
15 guarantees payment of the difference between the maximum  
16 amount of security required for the partnership by this paragraph  
17 and the security otherwise provided in accordance with  
18 subparagraphs (A) and (B), provided that the aggregate amount  
19 paid by all partners under these guarantees shall not exceed the  
20 difference. Neither withdrawal by a partner nor the dissolution and  
21 winding up of the partnership shall affect the rights or obligations  
22 of a partner arising prior to withdrawal or dissolution and winding  
23 up, and the guarantee provided for in this subparagraph shall apply  
24 only to conduct that occurred prior to the withdrawal or dissolution  
25 and winding up. Nothing contained in this subparagraph shall  
26 affect or impair the rights or obligations of the partners among  
27 themselves, or the partnership, including, but not limited to, rights  
28 of contribution, subrogation, or indemnification.

29 (D) Confirming, pursuant to the procedure in subdivision (c),  
30 that, as of the most recently completed fiscal year of the  
31 partnership, it had a net worth equal to or exceeding ten million  
32 dollars (\$10,000,000).

33 (2) For claims based upon acts, errors, or omissions arising out  
34 of the practice of law, a registered limited liability partnership or  
35 foreign limited liability partnership providing legal services shall  
36 comply with one, or pursuant to subdivision (b) some combination,  
37 of the following:

38 (A) Each registered limited liability partnership or foreign  
39 limited liability partnership providing legal services shall maintain  
40 a policy or policies of insurance against liability imposed on or

1 against it by law for damages arising out of claims; however, the  
2 total aggregate limit of liability under the policy or policies of  
3 insurance for partnerships with five or fewer licensed persons shall  
4 not be less than one million dollars (\$1,000,000), and for  
5 partnerships with more than five licensees rendering professional  
6 services on behalf of the partnership, an additional one hundred  
7 thousand dollars (\$100,000) of insurance shall be obtained for  
8 each additional licensee; however, the maximum amount of  
9 insurance is not required to exceed seven million five hundred  
10 thousand dollars (\$7,500,000) in any one designated period, less  
11 amounts paid in defending, settling, or discharging claims as set  
12 forth in this subparagraph. The policy or policies may be issued  
13 on a claims-made or occurrence basis, and shall cover (i) in the  
14 case of a claims-made policy, claims initially asserted in the  
15 designated period, and (ii) in the case of an occurrence policy,  
16 occurrences during the designated period. For purposes of this  
17 subparagraph, “designated period” means a policy year or any  
18 other period designated in the policy that is not greater than 12  
19 months. The impairment or exhaustion of the aggregate limit of  
20 liability by amounts paid under the policy in connection with the  
21 settlement, discharge, or defense of claims applicable to a  
22 designated period shall not require the partnership to acquire  
23 additional insurance coverage for that designated period. The policy  
24 or policies of insurance may be in a form reasonably available in  
25 the commercial insurance market and may be subject to those  
26 terms, conditions, exclusions, and endorsements that are typically  
27 contained in those policies. A policy or policies of insurance  
28 maintained pursuant to this subparagraph may be subject to a  
29 deductible or self-insured retention.

30 Upon the dissolution and winding up of the partnership, the  
31 partnership shall, with respect to any insurance policy or policies  
32 then maintained pursuant to this subparagraph, maintain or obtain  
33 an extended reporting period endorsement or equivalent provision  
34 in the maximum total aggregate limit of liability required to comply  
35 with this subparagraph for a minimum of three years if reasonably  
36 available from the insurer.

37 (B) Each registered limited liability partnership or foreign  
38 limited liability partnership providing legal services shall maintain  
39 in trust or bank escrow, cash, bank certificates of deposit, United  
40 States Treasury obligations, bank letters of credit, or bonds of

1 insurance or surety companies as security for payment of liabilities  
2 imposed by law for damages arising out of all claims; however,  
3 the maximum amount of security for partnerships with five or  
4 fewer licensed persons shall not be less than one million dollars  
5 (\$1,000,000), and for partnerships with more than five licensees  
6 rendering professional services on behalf of the partnership, an  
7 additional one hundred thousand dollars (\$100,000) of security  
8 shall be obtained for each additional licensee; however, the  
9 maximum amount of security is not required to exceed seven  
10 million five hundred thousand dollars (\$7,500,000). The partnership  
11 remains in compliance with this section during a calendar year  
12 notwithstanding amounts paid during that calendar year from the  
13 accounts, funds, Treasury obligations, letters of credit, or bonds  
14 in defending, settling, or discharging claims of the type described  
15 in this paragraph, provided that the amount of those accounts,  
16 funds, Treasury obligations, letters of credit, or bonds was at least  
17 the amount specified in the preceding sentence as of the first  
18 business day of that calendar year. Notwithstanding the pendency  
19 of other claims against the partnership, a registered limited liability  
20 partnership or foreign limited liability partnership shall be deemed  
21 to be in compliance with this subparagraph as to a claim if within  
22 30 days after the time that a claim is initially asserted through  
23 service of a summons, complaint, or comparable pleading in a  
24 judicial or administrative proceeding, the partnership has provided  
25 the required amount of security by designating and segregating  
26 funds in compliance with the requirement of this subparagraph.

27 (C) Unless the partnership has satisfied the requirements of  
28 subparagraph (D), each partner of a registered limited liability  
29 partnership or foreign limited liability partnership providing legal  
30 services, by virtue of that person's status as a partner, thereby  
31 automatically guarantees payment of the difference between the  
32 maximum amount of security required for the partnership by this  
33 paragraph and the security otherwise provided in accordance with  
34 the provisions of subparagraphs (A) and (B), provided that the  
35 aggregate amount paid by all partners under these guarantees shall  
36 not exceed the difference. Neither withdrawal by a partner nor the  
37 dissolution and winding up of the partnership shall affect the rights  
38 or obligations of a partner arising prior to withdrawal or dissolution  
39 and winding up, and the guarantee provided for in this  
40 subparagraph shall apply only to conduct that occurred prior to

1 the withdrawal or dissolution and winding up. Nothing contained  
2 in this subparagraph shall affect or impair the rights or obligations  
3 of the partners among themselves, or the partnership, including,  
4 but not limited to, rights of contribution, subrogation, or  
5 indemnification.

6 (D) Confirming, pursuant to the procedure in subdivision (c),  
7 that, as of the most recently completed fiscal year of the  
8 partnership, it had a net worth equal to or exceeding fifteen million  
9 dollars (\$15,000,000).

10 (3) For claims based upon acts, errors, or omissions arising out  
11 of the practice of architecture, a registered limited liability  
12 partnership or foreign limited liability partnership providing  
13 architectural services shall comply with one, or pursuant to  
14 subdivision (b) some combination, of the following:

15 (A) Maintaining a policy or policies of insurance against liability  
16 imposed on or against it by law for damages arising out of claims;  
17 however, the total aggregate limit of liability under the policy or  
18 policies of insurance for partnerships with five or fewer licensees  
19 rendering professional services on behalf of the partnership shall  
20 not be less than one million dollars (\$1,000,000), and for  
21 partnerships with more than five licensees rendering professional  
22 services on behalf of the partnership, an additional one hundred  
23 thousand dollars (\$100,000) of liability coverage shall be obtained  
24 for each additional licensee; however, the total aggregate limit of  
25 liability under the policy or policies of insurance is not required  
26 to exceed five million dollars (\$5,000,000). The policy or policies  
27 may be issued on a claims-made or occurrence basis, and shall  
28 cover: (i) in the case of a claims-made policy, claims initially  
29 asserted in the designated period, and (ii) in the case of an  
30 occurrence policy, occurrences during the designated period. For  
31 purposes of this subparagraph, “designated period” means a policy  
32 year or any other period designated in the policy that is not greater  
33 than 12 months. The impairment or exhaustion of the aggregate  
34 limit of liability by amounts paid under the policy in connection  
35 with the settlement, discharge, or defense of claims applicable to  
36 a designated period shall not require the partnership to acquire  
37 additional insurance coverage for that designated period. The policy  
38 or policies of insurance may be in a form reasonably available in  
39 the commercial insurance market and may be subject to those  
40 terms, conditions, exclusions, and endorsements that are typically



1 contained in those policies. A policy or policies of insurance  
2 maintained pursuant to this subparagraph may be subject to a  
3 deductible or self-insured retention.

4 Upon the dissolution and winding up of the partnership, the  
5 partnership shall, with respect to any insurance policy or policies  
6 then maintained pursuant to this subparagraph, maintain or obtain  
7 an extended reporting period endorsement or equivalent provision  
8 in the maximum total aggregate limit of liability required to comply  
9 with this subparagraph for a minimum of three years if reasonably  
10 available from the insurer.

11 (B) Maintaining in trust or bank escrow, cash, bank certificates  
12 of deposit, United States Treasury obligations, bank letters of  
13 credit, or bonds of insurance or surety companies as security for  
14 payment of liabilities imposed by law for damages arising out of  
15 all claims; however, the maximum amount of security for  
16 partnerships with five or fewer licensees rendering professional  
17 services on behalf of the partnership shall not be less than one  
18 million dollars (\$1,000,000), and for partnerships with more than  
19 five licensees rendering professional services on behalf of the  
20 partnership, an additional one hundred thousand dollars (\$100,000)  
21 of security shall be obtained for each additional licensee; however,  
22 the maximum amount of security is not required to exceed five  
23 million dollars (\$5,000,000). The partnership remains in  
24 compliance with this section during a calendar year notwithstanding  
25 amounts paid during that calendar year from the accounts, funds,  
26 Treasury obligations, letters of credit, or bonds in defending,  
27 settling, or discharging claims of the type described in this  
28 paragraph, provided that the amount of those accounts, funds,  
29 Treasury obligations, letters of credit, or bonds was at least the  
30 amount specified in the preceding sentence as of the first business  
31 day of that calendar year. Notwithstanding the pendency of other  
32 claims against the partnership, a registered limited liability  
33 partnership or foreign limited liability partnership shall be deemed  
34 to be in compliance with this subparagraph as to a claim if within  
35 30 days after the time that a claim is initially asserted through  
36 service of a summons, complaint, or comparable pleading in a  
37 judicial or administrative proceeding, the partnership has provided  
38 the required amount of security by designating and segregating  
39 funds in compliance with the requirements of this subparagraph.

(C) Unless the partnership has satisfied subparagraph (D), each partner of a registered limited liability partnership or foreign limited liability partnership providing architectural services, by virtue of that person's status as a partner, thereby automatically guarantees payment of the difference between the maximum amount of security required for the partnership by this paragraph and the security otherwise provided in accordance with subparagraphs (A) and (B), provided that the aggregate amount paid by all partners under these guarantees shall not exceed the difference. Neither withdrawal by a partner nor the dissolution and winding up of the partnership shall affect the rights or obligations of a partner arising prior to withdrawal or dissolution and winding up, and the guarantee provided for in this subparagraph shall apply only to conduct that occurred prior to the withdrawal or dissolution and winding up. Nothing contained in this subparagraph shall affect or impair the rights or obligations of the partners among themselves, or the partnership, including, but not limited to, rights of contribution, subrogation, or indemnification.

(D) Confirming, pursuant to the procedure in subdivision (c), that, as of the most recently completed fiscal year of the partnership, it had a net worth equal to or exceeding ten million dollars (\$10,000,000).

(4) For claims based upon acts, errors, or omissions arising out of the practice of engineering or the practice of land surveying, a registered limited liability partnership or foreign limited liability partnership providing engineering or land surveying services shall comply with one, or pursuant to subdivision (b) some combination, of the following:

(A) Maintaining a policy or policies of insurance against liability imposed on or against it by law for damages arising out of claims; however, the total aggregate limit of liability under the policy or policies of insurance for partnerships with five or fewer licensees rendering professional services on behalf of the partnership shall not be less than two million dollars (\$2,000,000), and for partnerships with more than five licensees rendering professional services on behalf of the partnership, an additional one hundred thousand dollars (\$100,000) of liability coverage shall be obtained for each additional licensee; however, the total aggregate limit of liability under the policy or policies of insurance is not required to exceed five million dollars (\$5,000,000). The policy or policies

1 may be issued on a claims-made or occurrence basis, and shall  
2 cover: (i) in the case of a claims-made policy, claims initially  
3 asserted in the designated period, and (ii) in the case of an  
4 occurrence policy, occurrences during the designated period. For  
5 purposes of this subparagraph, “designated period” means a policy  
6 year or any other period designated in the policy that is not greater  
7 than 12 months. The impairment or exhaustion of the aggregate  
8 limit of liability by amounts paid under the policy in connection  
9 with the settlement, discharge, or defense of claims applicable to  
10 a designated period shall not require the partnership to acquire  
11 additional insurance coverage for that designated period. The policy  
12 or policies of insurance may be in a form reasonably available in  
13 the commercial insurance market and may be subject to those  
14 terms, conditions, exclusions, and endorsements that are typically  
15 contained in those policies. A policy or policies of insurance  
16 maintained pursuant to this subparagraph may be subject to a  
17 deductible or self-insured retention.

18 Upon the dissolution and winding up of the partnership, the  
19 partnership shall, with respect to any insurance policy or policies  
20 then maintained pursuant to this subparagraph, maintain or obtain  
21 an extended reporting period endorsement or equivalent provision  
22 in the maximum total aggregate limit of liability required to comply  
23 with this subparagraph for a minimum of three years if reasonably  
24 available from the insurer.

25 (B) Maintaining in trust or bank escrow, cash, bank certificates  
26 of deposit, United States Treasury obligations, bank letters of  
27 credit, or bonds of insurance or surety companies as security for  
28 payment of liabilities imposed by law for damages arising out of  
29 all claims; however, the maximum amount of security for  
30 partnerships with five or fewer licensees rendering professional  
31 services on behalf of the partnership shall not be less than two  
32 million dollars (\$2,000,000), and for partnerships with more than  
33 five licensees rendering professional services on behalf of the  
34 partnership, an additional one hundred thousand dollars (\$100,000)  
35 of security shall be obtained for each additional licensee; however,  
36 the maximum amount of security is not required to exceed five  
37 million dollars (\$5,000,000). The partnership remains in  
38 compliance with this section during a calendar year,  
39 notwithstanding amounts paid during that calendar year from the  
40 accounts, funds, Treasury obligations, letters of credit, or bonds

1 in defending, settling, or discharging claims of the type described  
2 in this paragraph, provided that the amount of those accounts,  
3 funds, Treasury obligations, letters of credit, or bonds was at least  
4 the amount specified in the preceding sentence as of the first  
5 business day of that calendar year. Notwithstanding the pendency  
6 of other claims against the partnership, a registered limited liability  
7 partnership or foreign limited liability partnership shall be deemed  
8 to be in compliance with this subparagraph as to a claim if, within  
9 30 days after the time that a claim is initially asserted through  
10 service of a summons, complaint, or comparable pleading in a  
11 judicial or administrative proceeding, the partnership has provided  
12 the required amount of security by designating and segregating  
13 funds in compliance with the requirements of this subparagraph.

14 (C) Unless the partnership has satisfied subparagraph (D), each  
15 partner of a registered limited liability partnership or foreign  
16 limited liability partnership providing engineering services or land  
17 surveying services, by virtue of that person's status as a partner,  
18 thereby automatically guarantees payment of the difference  
19 between the maximum amount of security required for the  
20 partnership by this paragraph and the security otherwise provided  
21 in accordance with subparagraphs (A) and (B), provided that the  
22 aggregate amount paid by all partners under these guarantees shall  
23 not exceed the difference. Neither withdrawal by a partner nor the  
24 dissolution and winding up of the partnership shall affect the rights  
25 or obligations of a partner arising prior to withdrawal or dissolution  
26 and winding up, and the guarantee provided for in this  
27 subparagraph shall apply only to conduct that occurred prior to  
28 the withdrawal or dissolution and winding up. Nothing contained  
29 in this subparagraph shall affect or impair the rights or obligations  
30 of the partners among themselves, or the partnership, including,  
31 but not limited to, rights of contribution, subrogation, or  
32 indemnification.

33 (D) Confirming, pursuant to the procedure in subdivision (c),  
34 that, as of the most recently completed fiscal year of the  
35 partnership, it had a net worth equal to or exceeding ten million  
36 dollars (\$10,000,000).

37 (b) For purposes of satisfying the security requirements of this  
38 section, a registered limited liability partnership or foreign limited  
39 liability partnership may aggregate the security provided by it  
40 pursuant to subparagraphs (A), (B), (C), and (D) of paragraph (1)

of subdivision (a), subparagraphs (A), (B), (C), and (D) of paragraph (2) of subdivision (a), subparagraphs (A), (B), (C), and (D) of paragraph (3) of subdivision (a), or subparagraphs (A), (B), (C), and (D) of paragraph (4) of subdivision (a), as the case may be. Any registered limited liability partnership or foreign limited liability partnership intending to comply with the alternative security provisions set forth in subparagraph (D) of paragraph (1) of subdivision (a), subparagraph (D) of paragraph (2) of subdivision (a), subparagraph (D) of paragraph (3) of subdivision (a), or subparagraph (D) of paragraph (4) of subdivision (a), shall furnish the following information to the Secretary of State's office, in the manner prescribed in, and accompanied by all information required by, the applicable section:

TRANSMITTAL FORM FOR EVIDENCING COMPLIANCE  
WITH SECTION 16956(a)(1)(D), SECTION 16956(a)(2)(D),  
SECTION 16956(a)(3)(D), OR SECTION 16956(a)(4)(D) OF THE  
CALIFORNIA CORPORATIONS CODE

The undersigned hereby confirms the following:

1. \_\_\_\_\_  
Name of registered or foreign limited liability partnership
2. \_\_\_\_\_  
Jurisdiction where partnership is organized
3. \_\_\_\_\_  
Address of principal office
4. The registered or foreign limited liability partnership chooses to satisfy the requirements of Section 16956 by confirming, pursuant to Section 16956(a)(1)(D), 16956(a)(2)(D), 16956(a)(3)(D), or 16956 (a)(4)(D) and pursuant to Section 16956(c), that, as of the most recently completed fiscal year, the partnership had a net worth equal to or exceeding ten million dollars (\$10,000,000), in the case of a partnership providing accountancy services, fifteen million dollars (\$15,000,000) in the case of a partnership providing legal services, or ten million dollars (\$10,000,000), in the case of a partnership providing architectural services, engineering services, or land surveying services.
5. \_\_\_\_\_  
Title of authorized person executing this form

6.

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Signature of authorized person executing this form

(c) Pursuant to subparagraph (D) of paragraph (1) of subdivision (a), subparagraph (D) of paragraph (2) of subdivision (a), subparagraph (D) of paragraph (3) of subdivision (a), or subparagraph (D) of paragraph (4) of subdivision (a), a registered limited liability partnership or foreign limited liability partnership may satisfy the requirements of this section by confirming that, as of the last day of its most recently completed fiscal year, it had a net worth equal to or exceeding the amount required. In order to comply with this alternative method of meeting the requirements established in this section, a registered limited liability partnership or foreign limited liability partnership shall file an annual confirmation with the Secretary of State's office, signed by an authorized member of the registered limited liability partnership or foreign limited liability partnership, accompanied by a transmittal form as prescribed by subdivision (b). In order to be current in a given year, the partnership form for confirming compliance with the optional security requirement shall be on file within four months of the completion of the fiscal year and, upon being filed, shall constitute full compliance with the financial security requirements for purposes of this section as of the beginning of the fiscal year. A confirmation filed during any particular fiscal year shall continue to be effective for the first four months of the next succeeding fiscal year.

(d) Neither the existence of the requirements of subdivision (a) nor the extent of the registered limited liability partnership's or foreign limited liability partnership's compliance with the alternative requirements in this section shall be admissible in court or in any way be made known to a jury or other trier of fact in determining an issue of liability for, or to the extent of, the damages in question.

(e) Notwithstanding any other provision of this section, if a registered limited liability partnership or foreign limited liability partnership is otherwise in compliance with the terms of this section at the time that a bankruptcy or other insolvency proceeding is commenced with respect to the registered limited liability partnership or foreign limited liability partnership, it shall be deemed to be in compliance with this section during the pendency

1 of the proceeding. A registered limited liability partnership that  
2 has been the subject of a proceeding and that conducts business  
3 after the proceeding ends shall thereafter comply with paragraph  
4 (1), (2), (3), or (4) of subdivision (a), in order to obtain the  
5 limitations on liability afforded by subdivision (c) of Section  
6 16306.

7 (f) This section shall remain in effect only until January 1, ~~2021~~,  
8 2019, and as of that date is repealed, unless a later enacted statute,  
9 that is enacted before January 1, ~~2021~~, 2019, deletes or extends  
10 that date.

11 SEC. 8. Section 16956 of the Corporations Code, as added by  
12 Section 8 of Chapter 634 of the Statutes of 2010, is amended to  
13 read:

14 16956. (a) At the time of registration pursuant to Section  
15 16953, in the case of a registered limited liability partnership, and  
16 Section 16959, in the case of a foreign limited liability partnership,  
17 and at all times during which those partnerships shall transact  
18 intrastate business, every registered limited liability partnership  
19 and foreign limited liability partnership, as the case may be, shall  
20 be required to provide security for claims against it as follows:

21 (1) For claims based upon acts, errors, or omissions arising out  
22 of the practice of public accountancy, a registered limited liability  
23 partnership or foreign limited liability partnership providing  
24 accountancy services shall comply with one, or pursuant to  
25 subdivision (b) some combination, of the following:

26 (A) Maintaining a policy or policies of insurance against liability  
27 imposed on or against it by law for damages arising out of claims;  
28 however, the total aggregate limit of liability under the policy or  
29 policies of insurance for partnerships with five or fewer licensed  
30 persons shall not be less than one million dollars (\$1,000,000),  
31 and for partnerships with more than five licensees rendering  
32 professional services on behalf of the partnership, an additional  
33 one hundred thousand dollars (\$100,000) of insurance shall be  
34 obtained for each additional licensee; however, the maximum  
35 amount of insurance is not required to exceed five million dollars  
36 (\$5,000,000) in any one designated period, less amounts paid in  
37 defending, settling, or discharging claims as set forth in this  
38 subparagraph. The policy or policies may be issued on a  
39 claims-made or occurrence basis, and shall cover: (i) in the case  
40 of a claims-made policy, claims initially asserted in the designated

1 period, and (ii) in the case of an occurrence policy, occurrences  
2 during the designated period. For purposes of this subparagraph,  
3 “designated period” means a policy year or any other period  
4 designated in the policy that is not greater than 12 months. The  
5 impairment or exhaustion of the aggregate limit of liability by  
6 amounts paid under the policy in connection with the settlement,  
7 discharge, or defense of claims applicable to a designated period  
8 shall not require the partnership to acquire additional insurance  
9 coverage for that designated period. The policy or policies of  
10 insurance may be in a form reasonably available in the commercial  
11 insurance market and may be subject to those terms, conditions,  
12 exclusions, and endorsements that are typically contained in those  
13 policies. A policy or policies of insurance maintained pursuant to  
14 this subparagraph may be subject to a deductible or self-insured  
15 retention.

16 Upon the dissolution and winding up of the partnership, the  
17 partnership shall, with respect to any insurance policy or policies  
18 then maintained pursuant to this subparagraph, maintain or obtain  
19 an extended reporting period endorsement or equivalent provision  
20 in the maximum total aggregate limit of liability required to comply  
21 with this subparagraph for a minimum of three years if reasonably  
22 available from the insurer.

23 (B) Maintaining in trust or bank escrow, cash, bank certificates  
24 of deposit, United States Treasury obligations, bank letters of  
25 credit, or bonds of insurance or surety companies as security for  
26 payment of liabilities imposed by law for damages arising out of  
27 all claims; however, the maximum amount of security for  
28 partnerships with five or fewer licensed persons shall not be less  
29 than one million dollars (\$1,000,000), and for partnerships with  
30 more than five licensees rendering professional services on behalf  
31 of the partnership, an additional one hundred thousand dollars  
32 (\$100,000) of security shall be obtained for each additional  
33 licensee; however, the maximum amount of security is not required  
34 to exceed five million dollars (\$5,000,000). The partnership  
35 remains in compliance with this section during a calendar year  
36 notwithstanding amounts paid during that calendar year from the  
37 accounts, funds, Treasury obligations, letters of credit, or bonds  
38 in defending, settling, or discharging claims of the type described  
39 in this paragraph, provided that the amount of those accounts,  
40 funds, Treasury obligations, letters of credit, or bonds was at least



1 the amount specified in the preceding sentence as of the first  
2 business day of that calendar year. Notwithstanding the pendency  
3 of other claims against the partnership, a registered limited liability  
4 partnership or foreign limited liability partnership shall be deemed  
5 to be in compliance with this subparagraph as to a claim if within  
6 30 days after the time that a claim is initially asserted through  
7 service of a summons, complaint, or comparable pleading in a  
8 judicial or administrative proceeding, the partnership has provided  
9 the required amount of security by designating and segregating  
10 funds in compliance with the requirements of this subparagraph.

11 (C) Unless the partnership has satisfied subparagraph (D), each  
12 partner of a registered limited liability partnership or foreign  
13 limited liability partnership providing accountancy services, by  
14 virtue of that person's status as a partner, thereby automatically  
15 guarantees payment of the difference between the maximum  
16 amount of security required for the partnership by this paragraph  
17 and the security otherwise provided in accordance with  
18 subparagraphs (A) and (B), provided that the aggregate amount  
19 paid by all partners under these guarantees shall not exceed the  
20 difference. Neither withdrawal by a partner nor the dissolution and  
21 winding up of the partnership shall affect the rights or obligations  
22 of a partner arising prior to withdrawal or dissolution and winding  
23 up, and the guarantee provided for in this subparagraph shall apply  
24 only to conduct that occurred prior to the withdrawal or dissolution  
25 and winding up. Nothing contained in this subparagraph shall  
26 affect or impair the rights or obligations of the partners among  
27 themselves, or the partnership, including, but not limited to, rights  
28 of contribution, subrogation, or indemnification.

29 (D) Confirming, pursuant to the procedure in subdivision (c),  
30 that, as of the most recently completed fiscal year of the  
31 partnership, it had a net worth equal to or exceeding ten million  
32 dollars (\$10,000,000).

33 (2) For claims based upon acts, errors, or omissions arising out  
34 of the practice of law, a registered limited liability partnership or  
35 foreign limited liability partnership providing legal services shall  
36 comply with one, or pursuant to subdivision (b) some combination,  
37 of the following:

38 (A) Each registered limited liability partnership or foreign  
39 limited liability partnership providing legal services shall maintain  
40 a policy or policies of insurance against liability imposed on or

1 against it by law for damages arising out of claims; however, the  
2 total aggregate limit of liability under the policy or policies of  
3 insurance for partnerships with five or fewer licensed persons shall  
4 not be less than one million dollars (\$1,000,000), and for  
5 partnerships with more than five licensees rendering professional  
6 services on behalf of the partnership, an additional one hundred  
7 thousand dollars (\$100,000) of insurance shall be obtained for  
8 each additional licensee; however, the maximum amount of  
9 insurance is not required to exceed seven million five hundred  
10 thousand dollars (\$7,500,000) in any one designated period, less  
11 amounts paid in defending, settling, or discharging claims as set  
12 forth in this subparagraph. The policy or policies may be issued  
13 on a claims-made or occurrence basis, and shall cover (i) in the  
14 case of a claims-made policy, claims initially asserted in the  
15 designated period, and (ii) in the case of an occurrence policy,  
16 occurrences during the designated period. For purposes of this  
17 subparagraph, “designated period” means a policy year or any  
18 other period designated in the policy that is not greater than 12  
19 months. The impairment or exhaustion of the aggregate limit of  
20 liability by amounts paid under the policy in connection with the  
21 settlement, discharge, or defense of claims applicable to a  
22 designated period shall not require the partnership to acquire  
23 additional insurance coverage for that designated period. The policy  
24 or policies of insurance may be in a form reasonably available in  
25 the commercial insurance market and may be subject to those  
26 terms, conditions, exclusions, and endorsements that are typically  
27 contained in those policies. A policy or policies of insurance  
28 maintained pursuant to this subparagraph may be subject to a  
29 deductible or self-insured retention.

30 Upon the dissolution and winding up of the partnership, the  
31 partnership shall, with respect to any insurance policy or policies  
32 then maintained pursuant to this subparagraph, maintain or obtain  
33 an extended reporting period endorsement or equivalent provision  
34 in the maximum total aggregate limit of liability required to comply  
35 with this subparagraph for a minimum of three years if reasonably  
36 available from the insurer.

37 (B) Each registered limited liability partnership or foreign  
38 limited liability partnership providing legal services shall maintain  
39 in trust or bank escrow, cash, bank certificates of deposit, United  
40 States Treasury obligations, bank letters of credit, or bonds of

1 insurance or surety companies as security for payment of liabilities  
2 imposed by law for damages arising out of all claims; however,  
3 the maximum amount of security for partnerships with five or  
4 fewer licensed persons shall not be less than one million dollars  
5 (\$1,000,000), and for partnerships with more than five licensees  
6 rendering professional services on behalf of the partnership, an  
7 additional one hundred thousand dollars (\$100,000) of security  
8 shall be obtained for each additional licensee; however, the  
9 maximum amount of security is not required to exceed seven  
10 million five hundred thousand dollars (\$7,500,000). The partnership  
11 remains in compliance with this section during a calendar year  
12 notwithstanding amounts paid during that calendar year from the  
13 accounts, funds, Treasury obligations, letters of credit, or bonds  
14 in defending, settling, or discharging claims of the type described  
15 in this paragraph, provided that the amount of those accounts,  
16 funds, Treasury obligations, letters of credit, or bonds was at least  
17 the amount specified in the preceding sentence as of the first  
18 business day of that calendar year. Notwithstanding the pendency  
19 of other claims against the partnership, a registered limited liability  
20 partnership or foreign limited liability partnership shall be deemed  
21 to be in compliance with this subparagraph as to a claim if within  
22 30 days after the time that a claim is initially asserted through  
23 service of a summons, complaint, or comparable pleading in a  
24 judicial or administrative proceeding, the partnership has provided  
25 the required amount of security by designating and segregating  
26 funds in compliance with the requirement of this subparagraph.

27 (C) Unless the partnership has satisfied the requirements of  
28 subparagraph (D), each partner of a registered limited liability  
29 partnership or foreign limited liability partnership providing legal  
30 services, by virtue of that person's status as a partner, thereby  
31 automatically guarantees payment of the difference between the  
32 maximum amount of security required for the partnership by this  
33 paragraph and the security otherwise provided in accordance with  
34 the provisions of subparagraphs (A) and (B), provided that the  
35 aggregate amount paid by all partners under these guarantees shall  
36 not exceed the difference. Neither withdrawal by a partner nor the  
37 dissolution and winding up of the partnership shall affect the rights  
38 or obligations of a partner arising prior to withdrawal or dissolution  
39 and winding up, and the guarantee provided for in this  
40 subparagraph shall apply only to conduct that occurred prior to

1 the withdrawal or dissolution and winding up. Nothing contained  
2 in this subparagraph shall affect or impair the rights or obligations  
3 of the partners among themselves, or the partnership, including,  
4 but not limited to, rights of contribution, subrogation, or  
5 indemnification.

6 (D) Confirming, pursuant to the procedure in subdivision (c),  
7 that, as of the most recently completed fiscal year of the  
8 partnership, it had a net worth equal to or exceeding fifteen million  
9 dollars (\$15,000,000).

10 (3) For claims based upon acts, errors, or omissions arising out  
11 of the practice of architecture, a registered limited liability  
12 partnership or foreign limited liability partnership providing  
13 architectural services shall comply with one, or pursuant to  
14 subdivision (b) some combination, of the following:

15 (A) Maintaining a policy or policies of insurance against liability  
16 imposed on or against it by law for damages arising out of claims  
17 in an amount for each claim of at least one hundred thousand  
18 dollars (\$100,000) multiplied by the number of licensed persons  
19 rendering professional services on behalf of the partnership;  
20 however, the total aggregate limit of liability under the policy or  
21 policies of insurance for partnerships with five or fewer licensees  
22 rendering professional services on behalf of the partnership shall  
23 not be less than five hundred thousand dollars (\$500,000), and for  
24 all other partnerships is not required to exceed five million dollars  
25 (\$5,000,000) in any one designated period, less amounts paid in  
26 defending, settling, or discharging claims as set forth in this  
27 subparagraph. On and after January 1, 2008, the total aggregate  
28 limit of liability under the policy or policies of insurance for  
29 partnerships with five or fewer licensees rendering professional  
30 services on behalf of the partnership shall not be less than one  
31 million dollars (\$1,000,000), and for partnerships with more than  
32 five licensees rendering professional services on behalf of the  
33 partnership, an additional one hundred thousand dollars (\$100,000)  
34 of liability coverage shall be obtained for each additional licensee;  
35 however, the total aggregate limit of liability under the policy or  
36 policies of insurance is not required to exceed five million dollars  
37 (\$5,000,000). The policy or policies may be issued on a  
38 claims-made or occurrence basis, and shall cover: (i) in the case  
39 of a claims-made policy, claims initially asserted in the designated  
40 period, and (ii) in the case of an occurrence policy, occurrences

1 during the designated period. For purposes of this subparagraph,  
2 “designated period” means a policy year or any other period  
3 designated in the policy that is not greater than 12 months. The  
4 impairment or exhaustion of the aggregate limit of liability by  
5 amounts paid under the policy in connection with the settlement,  
6 discharge, or defense of claims applicable to a designated period  
7 shall not require the partnership to acquire additional insurance  
8 coverage for that designated period. The policy or policies of  
9 insurance may be in a form reasonably available in the commercial  
10 insurance market and may be subject to those terms, conditions,  
11 exclusions, and endorsements that are typically contained in those  
12 policies. A policy or policies of insurance maintained pursuant to  
13 this subparagraph may be subject to a deductible or self-insured  
14 retention.

15 Upon the dissolution and winding up of the partnership, the  
16 partnership shall, with respect to any insurance policy or policies  
17 then maintained pursuant to this subparagraph, maintain or obtain  
18 an extended reporting period endorsement or equivalent provision  
19 in the maximum total aggregate limit of liability required to comply  
20 with this subparagraph for a minimum of three years if reasonably  
21 available from the insurer.

22 (B) Maintaining in trust or bank escrow, cash, bank certificates  
23 of deposit, United States Treasury obligations, bank letters of  
24 credit, or bonds of insurance or surety companies as security for  
25 payment of liabilities imposed by law for damages arising out of  
26 all claims in an amount of at least one hundred thousand dollars  
27 (\$100,000) multiplied by the number of licensed persons rendering  
28 professional services on behalf of the partnership; however, the  
29 maximum amount of security for partnerships with five or fewer  
30 licensees rendering professional services on behalf of the  
31 partnership shall not be less than five hundred thousand dollars  
32 (\$500,000), and for all other partnerships is not required to exceed  
33 five million dollars (\$5,000,000). On and after January 1, 2008,  
34 the maximum amount of security for partnerships with five or  
35 fewer licensees rendering professional services on behalf of the  
36 partnership shall not be less than one million dollars (\$1,000,000),  
37 and for partnerships with more than five licensees rendering  
38 professional services on behalf of the partnership, an additional  
39 one hundred thousand dollars (\$100,000) of security shall be  
40 obtained for each additional licensee; however, the maximum

1 amount of security is not required to exceed five million dollars  
2 (\$5,000,000). The partnership remains in compliance with this  
3 section during a calendar year notwithstanding amounts paid during  
4 that calendar year from the accounts, funds, Treasury obligations,  
5 letters of credit, or bonds in defending, settling, or discharging  
6 claims of the type described in this paragraph, provided that the  
7 amount of those accounts, funds, Treasury obligations, letters of  
8 credit, or bonds was at least the amount specified in the preceding  
9 sentence as of the first business day of that calendar year.  
10 Notwithstanding the pendency of other claims against the  
11 partnership, a registered limited liability partnership or foreign  
12 limited liability partnership shall be deemed to be in compliance  
13 with this subparagraph as to a claim if within 30 days after the  
14 time that a claim is initially asserted through service of a summons,  
15 complaint, or comparable pleading in a judicial or administrative  
16 proceeding, the partnership has provided the required amount of  
17 security by designating and segregating funds in compliance with  
18 the requirements of this subparagraph.

19 (C) Unless the partnership has satisfied subparagraph (D), each  
20 partner of a registered limited liability partnership or foreign  
21 limited liability partnership providing architectural services, by  
22 virtue of that person's status as a partner, thereby automatically  
23 guarantees payment of the difference between the maximum  
24 amount of security required for the partnership by this paragraph  
25 and the security otherwise provided in accordance with  
26 subparagraphs (A) and (B), provided that the aggregate amount  
27 paid by all partners under these guarantees shall not exceed the  
28 difference. Neither withdrawal by a partner nor the dissolution and  
29 winding up of the partnership shall affect the rights or obligations  
30 of a partner arising prior to withdrawal or dissolution and winding  
31 up, and the guarantee provided for in this subparagraph shall apply  
32 only to conduct that occurred prior to the withdrawal or dissolution  
33 and winding up. Nothing contained in this subparagraph shall  
34 affect or impair the rights or obligations of the partners among  
35 themselves, or the partnership, including, but not limited to, rights  
36 of contribution, subrogation, or indemnification.

37 (D) Confirming, pursuant to the procedure in subdivision (c),  
38 that, as of the most recently completed fiscal year of the  
39 partnership, it had a net worth equal to or exceeding ten million  
40 dollars (\$10,000,000).

(b) For purposes of satisfying the security requirements of this section, a registered limited liability partnership or foreign limited liability partnership may aggregate the security provided by it pursuant to subparagraphs (A), (B), (C), and (D) of paragraph (1) of subdivision (a), subparagraphs (A), (B), (C), and (D) of paragraph (2) of subdivision (a), or subparagraphs (A), (B), (C), and (D) of paragraph (3) of subdivision (a), as the case may be. Any registered limited liability partnership or foreign limited liability partnership intending to comply with the alternative security provisions set forth in subparagraph (D) of paragraph (1) of subdivision (a), subparagraph (D) of paragraph (2) of subdivision (a), or subparagraph (D) of paragraph (3) of subdivision (a) shall furnish the following information to the Secretary of State's office, in the manner prescribed in, and accompanied by all information required by, the applicable section:

TRANSMITTAL FORM FOR EVIDENCING COMPLIANCE  
WITH SECTION 16956(a)(1)(D), SECTION 16956(a)(2)(D), OR  
SECTION 16956(a)(3)(D) OF THE CALIFORNIA  
CORPORATIONS CODE

The undersigned hereby confirms the following:

1. \_\_\_\_\_  
Name of registered or foreign limited liability partnership
2. \_\_\_\_\_  
Jurisdiction where partnership is organized
3. \_\_\_\_\_  
Address of principal office
4. The registered or foreign limited liability partnership chooses to satisfy the requirements of Section 16956 by confirming, pursuant to Section 16956(a)(1)(D), 16956(a)(2)(D), or 16956(a)(3)(D) and pursuant to Section 16956(c), that, as of the most recently completed fiscal year, the partnership had a net worth equal to or exceeding ten million dollars (\$10,000,000), in the case of a partnership providing accountancy services, fifteen million dollars (\$15,000,000) in the case of a partnership providing legal services, or ten million dollars (\$10,000,000), in the case of a partnership providing architectural services.

5.

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Title of authorized person executing this form

6.

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Signature of authorized person executing this form

(c) Pursuant to subparagraph (D) of paragraph (1) of subdivision (a), subparagraph (D) of paragraph (2) of subdivision (a), or subparagraph (D) of paragraph (3) of subdivision (a), a registered limited liability partnership or foreign limited liability partnership may satisfy the requirements of this section by confirming that, as of the last day of its most recently completed fiscal year, it had a net worth equal to or exceeding the amount required. In order to comply with this alternative method of meeting the requirements established in this section, a registered limited liability partnership or foreign limited liability partnership shall file an annual confirmation with the Secretary of State's office, signed by an authorized member of the registered limited liability partnership or foreign limited liability partnership, accompanied by a transmittal form as prescribed by subdivision (b). In order to be current in a given year, the partnership form for confirming compliance with the optional security requirement shall be on file within four months of the completion of the fiscal year and, upon being filed, shall constitute full compliance with the financial security requirements for purposes of this section as of the beginning of the fiscal year. A confirmation filed during any particular fiscal year shall continue to be effective for the first four months of the next succeeding fiscal year.

(d) Neither the existence of the requirements of subdivision (a) nor the extent of the registered limited liability partnership's or foreign limited liability partnership's compliance with the alternative requirements in this section shall be admissible in court or in any way be made known to a jury or other trier of fact in determining an issue of liability for, or to the extent of, the damages in question.

(e) Notwithstanding any other provision of this section, if a registered limited liability partnership or foreign limited liability partnership is otherwise in compliance with the terms of this section at the time that a bankruptcy or other insolvency proceeding is commenced with respect to the registered limited liability partnership or foreign limited liability partnership, it shall be



1 deemed to be in compliance with this section during the pendency  
2 of the proceeding. A registered limited liability partnership that  
3 has been the subject of a proceeding and that conducts business  
4 after the proceeding ends shall thereafter comply with paragraph  
5 (1), (2), or (3) of subdivision (a), in order to obtain the limitations  
6 on liability afforded by subdivision (c) of Section 16306.

7 (f) This section shall become operative on January 1, ~~2021~~.  
8 2019.

9 SEC. 9. Section 16959 of the Corporations Code, as amended  
10 by Section 35 of Chapter 834 of the Statutes of 2014, is amended  
11 to read:

12 16959. (a) (1) Before transacting intrastate business in this  
13 state, a foreign limited liability partnership shall comply with all  
14 statutory and administrative registration or filing requirements of  
15 the state board, commission, or agency that prescribes the rules  
16 and regulations governing a particular profession in which the  
17 partnership proposes to be engaged, pursuant to the applicable  
18 provisions of the Business and Professions Code relating to the  
19 profession or applicable rules adopted by the governing board. A  
20 foreign limited liability partnership that transacts intrastate business  
21 in this state shall within 30 days after the effective date of the act  
22 enacting this section or the date on which the foreign limited  
23 liability partnership first transacts intrastate business in this state,  
24 whichever is later, register with the Secretary of State by submitting  
25 to the Secretary of State an application for registration as a foreign  
26 limited liability partnership, signed by a person with authority to  
27 do so under the laws of the jurisdiction of formation of the foreign  
28 limited liability partnership, stating the name of the partnership,  
29 the street address of its principal office, the mailing address of the  
30 principal office if different from the street address, the name and  
31 street address of its agent for service of process in this state in  
32 accordance with subdivision (a) of Section 16309, a brief statement  
33 of the business in which the partnership engages, and any other  
34 matters that the partnership determines to include.

35 (2) Annexed to the application for registration shall be a  
36 certificate from an authorized public official of the foreign limited  
37 liability partnership's jurisdiction of organization to the effect that  
38 the foreign limited liability partnership is in good standing in that  
39 jurisdiction, if the laws of that jurisdiction permit the issuance of  
40 those certificates, or, in the alternative, a statement by the foreign

1 limited liability partnership that the laws of its jurisdiction of  
2 organization do not permit the issuance of those certificates.

3 (b) The registration shall be accompanied by a fee as set forth  
4 in subdivision (b) of Section 12189 of the Government Code.

5 (c) If the Secretary of State finds that an application for  
6 registration conforms to law and all requisite fees have been paid,  
7 the Secretary of State shall issue a certificate of registration to  
8 transact intrastate business in this state.

9 (d) The Secretary of State may cancel the filing of the  
10 registration if a check or other remittance accepted in payment of  
11 the filing fee is not paid upon presentation. Upon receiving written  
12 notification that the item presented for payment has not been  
13 honored for payment, the Secretary of State shall give a first written  
14 notice of the applicability of this section to the agent for service  
15 of process or to the person submitting the instrument. Thereafter,  
16 if the amount has not been paid by cashier's check or equivalent,  
17 the Secretary of State shall give a second written notice of  
18 cancellation and the cancellation shall thereupon be effective. The  
19 second notice shall be given 20 days or more after the first notice  
20 and 90 days or less after the original filing.

21 (e) A partnership becomes registered as a foreign limited liability  
22 partnership at the time of the filing of the initial registration with  
23 the Secretary of State or at any later date or time specified in the  
24 registration and the payment of the fee required by subdivision  
25 (b). A partnership continues to be registered as a foreign limited  
26 liability partnership until a notice that it is no longer so registered  
27 as a foreign limited liability partnership has been filed pursuant to  
28 Section 16960 or, if applicable, once it has been dissolved and  
29 finally wound up. The status of a partnership registered as a foreign  
30 limited liability partnership and the liability of a partner of that  
31 foreign limited liability partnership shall not be adversely affected  
32 by errors or subsequent changes in the information stated in an  
33 application for registration under subdivision (a) or an amended  
34 registration or notice under Section 16960.

35 (f) The fact that a registration or amended registration pursuant  
36 to Section 16960 is on file with the Secretary of State is notice that  
37 the partnership is a foreign limited liability partnership and of those  
38 other facts contained therein that are required to be set forth in the  
39 registration or amended registration.

(g) The Secretary of State shall provide a form for a registration under subdivision (a), which shall include the form for confirming compliance with the optional security requirement pursuant to subdivision (c) of Section 16956. The Secretary of State shall include with instructional materials, provided in conjunction with the form for registration under subdivision (a), a notice that filing the registration will obligate the limited liability partnership to pay an annual tax for that taxable year to the Franchise Tax Board pursuant to Section 17948 of the Revenue and Taxation Code. That notice shall be updated annually to specify the dollar amount of this tax.

(h) A foreign limited liability partnership transacting intrastate business in this state shall not maintain any action, suit, or proceeding in any court of this state until it has registered in this state pursuant to this section.

(i) Any foreign limited liability partnership that transacts intrastate business in this state without registration is subject to a penalty of twenty dollars (\$20) for each day that unauthorized intrastate business is transacted, up to a maximum of ten thousand dollars (\$10,000).

(j) A partner of a foreign limited liability partnership is not liable for the debts or obligations of the foreign limited liability partnership solely by reason of its having transacted business in this state without registration.

(k) A foreign limited liability partnership, transacting business in this state without registration, appoints the Secretary of State as its agent for service of process with respect to causes of action arising out of the transaction of business in this state.

(l) “Transact intrastate business” as used in this section means to repeatedly and successively provide professional limited liability partnership services in this state, other than in interstate or foreign commerce.

(m) Without excluding other activities that may not be considered to be transacting intrastate business, a foreign limited liability partnership shall not be considered to be transacting intrastate business merely because its subsidiary or affiliate transacts intrastate business, or merely because of its status as any one or more of the following:

(1) A shareholder of a domestic corporation.

1 (2) A shareholder of a foreign corporation transacting intrastate  
2 business.

3 (3) A limited partner of a foreign limited partnership transacting  
4 intrastate business.

5 (4) A limited partner of a domestic limited partnership.

6 (5) A member or manager of a foreign limited liability company  
7 transacting intrastate business.

8 (6) A member or manager of a domestic limited liability  
9 company.

10 (n) Without excluding other activities that may not be considered  
11 to be transacting intrastate business, a foreign limited liability  
12 partnership shall not be considered to be transacting intrastate  
13 business within the meaning of this subdivision solely by reason  
14 of carrying on in this state any one or more of the following  
15 activities:

16 (1) Maintaining or defending any action or suit or any  
17 administrative or arbitration proceeding, or effecting the settlement  
18 thereof or the settlement of claims or disputes.

19 (2) Holding meetings of its partners or carrying on any other  
20 activities concerning its internal affairs.

21 (3) Maintaining bank accounts.

22 (4) Maintaining offices or agencies for the transfer, exchange,  
23 and registration of the foreign limited liability partnership's  
24 securities or maintaining trustees or depositories with respect to  
25 those securities.

26 (5) Effecting sales through independent contractors.

27 (6) Soliciting or procuring orders, whether by mail or through  
28 employees or agents or otherwise, where those orders require  
29 acceptance without this state before becoming binding contracts.

30 (7) Creating or acquiring evidences of debt or mortgages, liens,  
31 or security interest in real or personal property.

32 (8) Securing or collecting debts or enforcing mortgages and  
33 security interests in property securing the debts.

34 (9) Conducting an isolated transaction that is completed within  
35 180 days and not in the course of a number of repeated transactions  
36 of a like nature.

37 (o) A person shall not be deemed to be transacting intrastate  
38 business in this state merely because of its status as a partner of a  
39 registered limited liability partnership or a foreign limited liability

1 company whether or not registered to transact intrastate business  
2 in this state.

3 (p) The Attorney General may bring an action to restrain a  
4 foreign limited liability partnership from transacting intrastate  
5 business in this state in violation of this chapter.

6 (q) Nothing in this section is intended to, or shall, augment,  
7 diminish, or otherwise alter existing provisions of law, statutes,  
8 or court rules relating to services by a California architect,  
9 California public accountant, California engineer, California land  
10 surveyor, or California attorney in another jurisdiction, or services  
11 by an out-of-state architect, out-of-state public accountant,  
12 out-of-state engineer, out-of-state land surveyor, or out-of-state  
13 attorney in California.

14 (r) An agent designated for service of process may deliver to  
15 the Secretary of State, on a form prescribed by the Secretary of  
16 State for filing, a signed and acknowledged written statement of  
17 resignation as an agent for service of process containing the name  
18 of the foreign limited liability partnership and Secretary of State's  
19 file number of the foreign limited liability partnership, the name  
20 of the resigning agent for service of process, and a statement that  
21 the agent is resigning. On filing of the statement of resignation,  
22 the authority of the agent to act in that capacity shall cease and the  
23 Secretary of State shall mail or otherwise provide written notice  
24 of the filing of the statement of resignation to the foreign limited  
25 liability partnership at its principal office.

26 (s) The resignation of an agent may be effective if, on a form  
27 prescribed by the Secretary of State containing the name of the  
28 foreign limited liability partnership and Secretary of State's file  
29 number for the foreign limited liability partnership and the name  
30 of the agent for service of process, the agent disclaims having been  
31 properly appointed as the agent.

32 (t) If an individual who has been designated agent for service  
33 of process dies or resigns or no longer resides in the state, or if the  
34 corporate agent for that purpose resigns, dissolves, withdraws from  
35 the state, forfeits its right to transact intrastate business, has its  
36 corporate rights, powers, and privileges suspended, or ceases to  
37 exist, the foreign limited liability partnership shall promptly file  
38 an amended application for registration as a foreign limited liability  
39 partnership designating a new agent.

(u) The Secretary of State may destroy or otherwise dispose of any resignation filed pursuant to this section after a new application for registration as a foreign limited liability partnership is filed pursuant to this section replacing the agent for service of process that has resigned.

(v) This section shall remain in effect only until January 1, ~~2021~~, 2019, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, ~~2021~~, 2019, deletes or extends that date.

SEC. 10. Section 16959 of the Corporations Code, as amended by Section 36 of Chapter 834 of the Statutes of 2014, is amended to read:

16959. (a) (1) Before transacting intrastate business in this state, a foreign limited liability partnership shall comply with all statutory and administrative registration or filing requirements of the state board, commission, or agency that prescribes the rules and regulations governing a particular profession in which the partnership proposes to be engaged, pursuant to the applicable provisions of the Business and Professions Code relating to the profession or applicable rules adopted by the governing board. A foreign limited liability partnership that transacts intrastate business in this state shall within 30 days after the effective date of the act enacting this section or the date on which the foreign limited liability partnership first transacts intrastate business in this state, whichever is later, register with the Secretary of State by submitting to the Secretary of State an application for registration as a foreign limited liability partnership, signed by a person with authority to do so under the laws of the jurisdiction of formation of the foreign limited liability partnership, stating the name of the partnership, the street address of its principal office, the mailing address of the principal office if different from the street address, the name and street address of its agent for service of process in this state in accordance with subdivision (a) of Section 16309, a brief statement of the business in which the partnership engages, and any other matters that the partnership determines to include.

(2) Annexed to the application for registration shall be a certificate from an authorized public official of the foreign limited liability partnership's jurisdiction of organization to the effect that the foreign limited liability partnership is in good standing in that jurisdiction, if the laws of that jurisdiction permit the issuance of

1 those certificates, or, in the alternative, a statement by the foreign  
2 limited liability partnership that the laws of its jurisdiction of  
3 organization do not permit the issuance of those certificates.

4 (b) The registration shall be accompanied by a fee as set forth  
5 in subdivision (b) of Section 12189 of the Government Code.

6 (c) If the Secretary of State finds that an application for  
7 registration conforms to law and all requisite fees have been paid,  
8 the Secretary of State shall issue a certificate of registration to  
9 transact intrastate business in this state.

10 (d) The Secretary of State may cancel the filing of the  
11 registration if a check or other remittance accepted in payment of  
12 the filing fee is not paid upon presentation. Upon receiving written  
13 notification that the item presented for payment has not been  
14 honored for payment, the Secretary of State shall give a first written  
15 notice of the applicability of this section to the agent for service  
16 of process or to the person submitting the instrument. Thereafter,  
17 if the amount has not been paid by cashier's check or equivalent,  
18 the Secretary of State shall give a second written notice of  
19 cancellation and the cancellation shall thereupon be effective. The  
20 second notice shall be given 20 days or more after the first notice  
21 and 90 days or less after the original filing.

22 (e) A partnership becomes registered as a foreign limited liability  
23 partnership at the time of the filing of the initial registration with  
24 the Secretary of State or at any later date or time specified in the  
25 registration and the payment of the fee required by subdivision  
26 (b). A partnership continues to be registered as a foreign limited  
27 liability partnership until a notice that it is no longer so registered  
28 as a foreign limited liability partnership has been filed pursuant to  
29 Section 16960 or, if applicable, once it has been dissolved and  
30 finally wound up. The status of a partnership registered as a foreign  
31 limited liability partnership and the liability of a partner of that  
32 foreign limited liability partnership shall not be adversely affected  
33 by errors or subsequent changes in the information stated in an  
34 application for registration under subdivision (a) or an amended  
35 registration or notice under Section 16960.

36 (f) The fact that a registration or amended registration pursuant  
37 to Section 16960 is on file with the Secretary of State is notice that  
38 the partnership is a foreign limited liability partnership and of those  
39 other facts contained therein that are required to be set forth in the  
40 registration or amended registration.

(g) The Secretary of State shall provide a form for a registration under subdivision (a), which shall include the form for confirming compliance with the optional security requirement pursuant to subdivision (c) of Section 16956. The Secretary of State shall include with instructional materials, provided in conjunction with the form for registration under subdivision (a), a notice that filing the registration will obligate the limited liability partnership to pay an annual tax for that taxable year to the Franchise Tax Board pursuant to Section 17948 of the Revenue and Taxation Code. That notice shall be updated annually to specify the dollar amount of this tax.

(h) A foreign limited liability partnership transacting intrastate business in this state shall not maintain any action, suit, or proceeding in any court of this state until it has registered in this state pursuant to this section.

(i) Any foreign limited liability partnership that transacts intrastate business in this state without registration is subject to a penalty of twenty dollars (\$20) for each day that unauthorized intrastate business is transacted, up to a maximum of ten thousand dollars (\$10,000).

(j) A partner of a foreign limited liability partnership is not liable for the debts or obligations of the foreign limited liability partnership solely by reason of its having transacted business in this state without registration.

(k) A foreign limited liability partnership, transacting business in this state without registration, appoints the Secretary of State as its agent for service of process with respect to causes of action arising out of the transaction of business in this state.

(l) “Transact intrastate business” as used in this section means to repeatedly and successively provide professional limited liability partnership services in this state, other than in interstate or foreign commerce.

(m) Without excluding other activities that may not be considered to be transacting intrastate business, a foreign limited liability partnership shall not be considered to be transacting intrastate business merely because its subsidiary or affiliate transacts intrastate business, or merely because of its status as any one or more of the following:

(1) A shareholder of a domestic corporation.



1 (2) A shareholder of a foreign corporation transacting intrastate  
2 business.

3 (3) A limited partner of a foreign limited partnership transacting  
4 intrastate business.

5 (4) A limited partner of a domestic limited partnership.

6 (5) A member or manager of a foreign limited liability company  
7 transacting intrastate business.

8 (6) A member or manager of a domestic limited liability  
9 company.

10 (n) Without excluding other activities that may not be considered  
11 to be transacting intrastate business, a foreign limited liability  
12 partnership shall not be considered to be transacting intrastate  
13 business within the meaning of this subdivision solely by reason  
14 of carrying on in this state any one or more of the following  
15 activities:

16 (1) Maintaining or defending any action or suit or any  
17 administrative or arbitration proceeding, or effecting the settlement  
18 thereof or the settlement of claims or disputes.

19 (2) Holding meetings of its partners or carrying on any other  
20 activities concerning its internal affairs.

21 (3) Maintaining bank accounts.

22 (4) Maintaining offices or agencies for the transfer, exchange,  
23 and registration of the foreign limited liability partnership's  
24 securities or maintaining trustees or depositories with respect to  
25 those securities.

26 (5) Effecting sales through independent contractors.

27 (6) Soliciting or procuring orders, whether by mail or through  
28 employees or agents or otherwise, where those orders require  
29 acceptance without this state before becoming binding contracts.

30 (7) Creating or acquiring evidences of debt or mortgages, liens,  
31 or security interest in real or personal property.

32 (8) Securing or collecting debts or enforcing mortgages and  
33 security interests in property securing the debts.

34 (9) Conducting an isolated transaction that is completed within  
35 180 days and not in the course of a number of repeated transactions  
36 of a like nature.

37 (o) A person shall not be deemed to be transacting intrastate  
38 business in this state merely because of its status as a partner of a  
39 registered limited liability partnership or a foreign limited liability

1 company whether or not registered to transact intrastate business  
2 in this state.

3 (p) The Attorney General may bring an action to restrain a  
4 foreign limited liability partnership from transacting intrastate  
5 business in this state in violation of this chapter.

6 (q) Nothing in this section is intended to, or shall, augment,  
7 diminish, or otherwise alter existing provisions of law, statutes,  
8 or court rules relating to services by a California architect,  
9 California public accountant, or California attorney in another  
10 jurisdiction, or services by an out-of-state architect, out-of-state  
11 public accountant, or out-of-state attorney in California.

12 (r) An agent designated for service of process may deliver to  
13 the Secretary of State, on a form prescribed by the Secretary of  
14 State for filing, a signed and acknowledged written statement of  
15 resignation as an agent for service of process containing the name  
16 of the foreign limited liability partnership and Secretary of State's  
17 file number of the foreign limited liability partnership, the name  
18 of the resigning agent for service of process, and a statement that  
19 the agent is resigning. On filing of the statement of resignation,  
20 the authority of the agent to act in that capacity shall cease and the  
21 Secretary of State shall mail or otherwise provide written notice  
22 of the filing of the statement of resignation to the foreign limited  
23 liability partnership at its principal office.

24 (s) The resignation of an agent may be effective if, on a form  
25 prescribed by the Secretary of State containing the name and  
26 Secretary of State's file number for the foreign limited liability  
27 partnership and the name of the agent for service of process, the  
28 agent disclaims having been properly appointed as the agent.

29 (t) If an individual who has been designated agent for service  
30 of process dies or resigns or no longer resides in the state, or if the  
31 corporate agent for that purpose resigns, dissolves, withdraws from  
32 the state, forfeits its right to transact intrastate business, has its  
33 corporate rights, powers, and privileges suspended, or ceases to  
34 exist, the foreign limited liability partnership shall promptly file  
35 an amended application for registration as a foreign limited liability  
36 partnership designating a new agent.

37 (u) The Secretary of State may destroy or otherwise dispose of  
38 any resignation filed pursuant to this section after a new application  
39 for registration as a foreign limited liability partnership is filed

- 1 pursuant to this section replacing the agent for service of process
- 2 that has resigned.
- 3 (v) This section shall become operative on January 1, ~~2021~~.
- 4 *2019*.

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